

Realty Trust Review

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INVESTMENT OUTLOOK AND STATISTICAL ISSUE

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INVESTMENT OUTLOOK: PRICES OF NONDIVIDEND PAYERS SURGE EVEN AFTER FALLBACK

An influx of sophisticated risk money is driving prices of troubled trusts up.

The computer printout on page 3 tells the story of one of the most amazing months for realty trust stocks:

The mortgage/foreclosed property trusts surged 18.4% in the month--at a time when the Dow-Jones Industrials was swooning over interest rate blues.

Not a single trust in this group pays a dividend.

Wall Street clearly believes that the blazing real estate market will make most realty trusts whole sooner or later--and investors are willing to pay up now.

But we cautioned last issue that "this is a boiling market where you can easily overpay by chasing moving stocks."

That caveat still holds. If you're buying, protect yourself with stoploss orders because the downward ride can be breathtaking. If you play, stay with liquid stocks (mostly listed ones) so you won't be hurt if quotes dry up.

Cases in point: South Atlantic Trust dropped 21% the past two weeks; it was up 57% the prior two weeks.

Diversified Mortgage fell back 13% to 5 after jumping 70% the previous two weeks. MEI Corp., diversified Minneapolis company, has acquired 7.4% of DMG's stock, the first

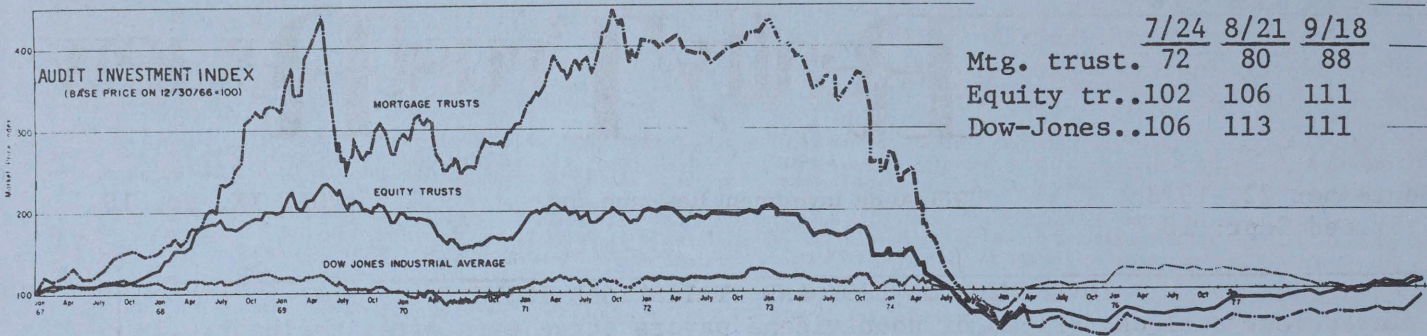
NEW THIS ISSUE - RELATIVE APPEAL RANKINGS ADDED TO STATS

This month's statistical tables on pages 4 and 5 include current Relative Appeal Rankings for the first time. This way you have both current statistics and the current ranking in one place. And we can revise Rankings quickly as events change.

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Big Board-listed company to show money-backed interest in the trusts.

Last issue we suggested two strategies to take advantage of the deep discounts still available while still protecting yourself from the prospect of rising rates.

The rate picture has turned ominous in the past two weeks--but not enough for us to alter our basic economic scenario for realty trust stocks as conveyed in the Sept. 8 Relative Appeal Rankings.

The Federal Reserve apparently is raising the Federal funds rate another notch and the prime could move up from its $9\frac{1}{2}\%$ level.

Mortgage money inflow to the savings & loan associations has slacked off in August, judging from early reports, and this could pinch overall mortgage supply.

If so, it could slow land disposition by some land-heavy recovering trusts.

Rising rates boost odds for a recession sometime during 1979--the sooner the better for the White House because no sitting President likes to run near recession time.

We don't see that as a real threat to continued real estate recovery. There simply isn't that much product in the market, and virtually no land speculation.

The three big trusts still making construction loans--Equitable Life Mtg., Lomas & Nettleton Mtg. and Wells Fargo M&E aren't making any great volume of land development loans. And most construction loans are covered by permanent loan takeouts this time--Wells Fargo is covered with takeouts on 89% of construction loans, for instance.

So caution but not panic is our basic investment stance.

DEBT TRENDS: NEW MORTGAGE MONEY LETTING SOME TRUSTS GET BACK INTO BUSINESS

C.I. Realty has just put a \$20 million mortgage on a Manhattan office tower, netting it \$10 million over old debt to let CIR repay all bank debt.

U.S. Realty Investments has arranged refinancing of its Terminal Tower in Cleveland to net \$7½ million over old debt and repay bank debt by that amount. The deal lets USRI commit \$3.75 million of internally generated funds to new equity properties.

Mission Investment has a \$2.4 million motel loan commitment that combines with a \$3.2 million foreclosure settlement to give it a strong shot at repaying banks down to \$7 million by Oct. 31, where it can earn about 3¢/sh. interest forgiveness.

And Realty Income Trust has opened escrow on sale of its 54% share in 1,100 acres in San Diego. If the sale closes to an NYSE-listed homebuilder, RIT will net about \$3.66/sh.

All these deals make very clear that a surge of mortgage money on properties is really helping the cleaner recovery trusts. A strong supply of money--albeit at high prices--is helping restore health to some trusts. Items:

C.I. Mortgage Group got \$128 million nonbinding bids in its first auction of assets to pay down banks. NJB Prime Investors says it has 51% approvals of a pre-approved Chapter XI bankruptcy filing. And Realty Refund plans offering \$20 million senior debentures to repay short-term bank debt and insulate itself from rising rates.

DIVIDEND TRENDS: FLATLEY RESUMES PAYOUT AND FIVE UPTICKS MARK SEPTEMBER

Flatley Realty Investors returned to ranks of dividend payers with a 20¢ declaration, first in four years for the smaller Braintree, Mass. trust. Flatley had met troubles in mortgage loans but moved aggressively to foreclose and restore profits. It earned 23¢/sh. in the June 1978 fiscal year (table, p. 8).

Flatley is the fourth to resume payouts this year (vs. five for all of 1977). The class of 1978 so far: ICM Realty on an annual basis; General RE Shares; and U.S. Bancorp R&M. But the list of resumption

candidates is narrowing: Only 18 qualified trusts aren't paying and three are in process of possibly giving up REIT status: B.F. Saul, Amer. Century and Cont. Ill. Rl.

Five other trusts boosted payouts by an average 5% from the previous quarter and 15% over 1977. All reflect steady, well defined recoveries. The five: First Continental REIT, First Union RE, Fraser Mtg. Inv., Hubbard REI and Mortgage Growth. Both Hubbard and Mortgage Growth are free of bank debt so aren't periled by rising rates. First Union trustees cited "confidence in operating results for 1979."

Trust	Record date	--Quarterly dividend/share--			-% Chng. from	
		Latest	Previous	Year-ago	Prev.Q	Yr-ago
Consolidated Capital..	9/17	\$0.17M	\$0.17M	\$0.168M	UC	+ 1%
Cont. Illinois Props..	10/2	0.32	0.32	0.32	UC	UC
Federal Realty Inv....	9/25	0.34	0.34	0.32	UC	+ 6
FLATLEY REALTY INV....	9/1	0.20	None	None	+100	+100
First Cont'l. REIT....	9/30	0.25	0.24	0.22	+ 4	+14
First Union RE.....	10/13	0.27	0.26	0.25	+ 4	+ 8
Fraser Mtg. Invest....	10/1	0.28	0.27	0.25	+ 4	+12
GREIT Realty.....	10/17	0.10	0.10	0.10	UC	UC
Hospital Mtg. Group...	10/2	0.15	0.15	0.15	UC	UC
Hubbard REI.....	9/22	0.36	0.34	0.31	+ 6	+16
MassMutual Mtg. & Rl..	9/20	0.34	0.34	0.31	UC	+10
MNY Mtg. Investors...	9/29	0.23	0.23	0.23	UC	UC
Mortgage Growth Inv...	9/29	0.16	0.15	0.12	+ 7	+25
New Plan Realty.....	9/15	0.085M	0.085M	0.08M	UC	+ 6
Rlty. & Mtg. of Pacif.	9/29	0.32	0.32	0.28	UC	+14
University REIT.....	9/22	0.06M	0.06M	0.08M	UC	-25

UC--Unchanged. M--Monthly dividend. Trusts with reductions from previous quarter underlined. Trust resuming dividends are CAPITALIZED.

COMPARATIVE TRUST GROUP AVERAGE 09/18/78

GROUP	QUAL	NON-QUAL	SHARE (000)	BOOK VALUE	ANN DIV*	EARN ANN*	LAST PRICE	-% CHNG FROM--	ANN* JAN 1	P/E RATIO	ANN* YIELD	% PR TO BK	RETURN ON BK	MARKET VALUE
PROPERTY--LARGE	21	0	21	2169	11.27	1.02	1.08	13.85	4.9	8.8	12.8	7.4	9.6	705.7
-SMALL	7	0	7	893	12.68	1.30	1.55	13.52	3.9	14.9	8.7	9.6	6.6	78.0
-SUBOR LAND	3	0	3	1862	16.03	1.08	1.62	12.38	4.1	4.6	7.7	8.7	-22.8	59.4
AVERAGE 3 PROP GROUPS			31	1851	12.04	1.08	1.23	13.62	4.6	9.7	11.0	8.0	10.3	843.1
PROP & MTG COMBINATION	15	9	24	2150	9.63	0.40	0.51	8.21	7.6	22.9	16.0	5.0	-14.7	485.0
SHORT-TERM MTG	11	0	11	1757	14.99	0.59	0.65	10.05	6.2	20.9	15.6	5.8	-33.0	212.7
LONG-TERM MTG/PROP	13	0	13	3448	14.71	0.97	0.93	11.47	5.4	-2.1	12.3	8.5	-22.0	508.4
MTG/FCLSD PROP-MISC	8	7	15	2717	3.86	0.00	0.51	3.86	15.0	57.3	7.5	0.0	-0.1	154.1
-BANK	0	16	16	2060	2.98	0.00	0.10	3.97	22.1	62.5	38.3	0.0	33.1	111.7
-INDEPEND	0	31	31	3239	0.80	0.00	0.20	2.70	18.2	80.5	13.4	0.0	235.7	215.7
AVERAGE 3 MTG/FCLSD PROP			62	2808	2.10	0.00	0.25	3.30	18.4	67.8	13.1	0.0	57.0	481.5
OVERALL AVERAGE	78	63	141	2463	7.74	0.44	0.60	7.69	7.8	19.0	12.7	5.8	-0.6	2530.7
DOW-JONES INDUSTRIAL AVERAGE							91.37	870.15	-2.1	+4.8	9.5	5.4		

*Latest quarter annualized

STRAIGHT BONDS

STRAIGHT BONDS

ISSUER & DESC.	EX	INT.	MAT	MIL \$	PRICE	% CHANGE	% YIELD	ISSUER & DESC.	EX	INT.	MAT	MIL \$	PRICE	% CHANGE	% YIELD
BARNETT MTG-C	OC	6.75	'91	5.4	62.00	-3.0	DEF	MIDLAND MTG-B	NY	8.00	'80	17.1	84.00	14.9	9
BARNETT MTG-CD	OC	8.50	'98	9.6	92.00	2.2	DEF	MTG INV WASH-BG	OC	9.25	'80	15.0	74.00	2.8	12
BARNETT-WIN-CE	OC	8.25	'98F	18.3	101.00	48.5	DEF	NATIONWIDE RE-C	OC	7.00	'91	6.5	77.00	4.1	9
BAY COLONY PROP-B	PS	8.50	'89	17.0	73.00	0.7	11	NJB PRIME INV-C	OC	7.00	'80F	4.7	47.00	20.5	DEF
BAY COLONY PROP-C	NY	8.50	'81F	6.8	84.75	-2.2	10	NO AMER MTG-B	OC	8.50	'87	12.1	73.00	-2.6	11
BT MTG INV-C	OC	5.75	'82	19.4	63.00	10.5	9	NO AMER MTG-C	NY	5.50	'79	16.3	91.00	-1.0	6
CHASE MAN TR-A	OC	7.88	'78F	36.7	81.00	-0.5	DEF	REALTY REFUND-C	NY	12.00	'98	15.0	104.50	2.5	11
CHASE MAN TR-C	OC	7.50	'83	41.2	41.00	10.8	18	SAUL (B.F.)-C	NY	8.50	'80	25.0	93.63	-0.3	9
CITIZNS MTG INV-B	OC	6.75	'78	30.0	94.00	1.1	DEF	SECURITY MTG-C#	AS	7.25	'82	50.0	88.50	-0.5	8
CONT ILL RLTY-B	NY	7.63	'79	25.0	91.50	0.0	8	SECURITY MTG-C#	OC	6.00	'82	17.1	67.00	0.0	9
COUSINS M&E-C	NY	6.50	'82F	30.0	73.63	8.3	8	SO ATLANTIC-C#	NY	6.75	'82F	16.9	72.75	1.0	9
FIRST MTG INV-A	OC	6.75	'82	9.1	50.00	0.0	13	STATE MUT INV-B	NY	9.00	'80F	6.2	95.00	-0.9	9
FIRST NEWPORT-B	OC	8.75	'79	7.4	85.00	7.6	10	TRI-SOUTH MTG-B	NY	7.75	'80F	19.3	92.00	4.5	DEF
FIRST VIRGINIA	OC	4.00	'80	15.0	73.00	9.0	5								
FIRST VIRGINIA-BM	OC	8-12	'80	5.0	85.00	9.0	9								
GMR PROPERTIES-C	AS	7.70	'80	20.0	89.50	5.9	8								
GREAT AMER MGMT-B	OC	7.55	'79	25.0	40.00	29.0	VJ								
GREAT AMER MGMT-C	OC	8.75	'83	25.0	20.00	0.0	VJ								
GROWTH RLTY-C	NY	6.75	'82	9.2	79.00	-0.8	8								
GUARDIAN MTG-B	OC	7.50	'79	25.0	50.00	78.6	VJ								
GUARDIAN MTG-C#	OC	6.75	'86	8.6	30.00	76.5	VJ								
IDS REALTY-H	OC	----	----	127.8	66.00	0.0	NC								
INSTIINL INV-B	NY	7.88	'80	20.0	89.88	3.3	8								
JUSTICE MTG-B	OC	7.75	'79	9.6	55.00	12.2	VJ								

DESCRIPTION: A-SENIOR; B-SENIOR SUBORDINATE; C-SUBORDINATE OR JUNIOR SUBORDINATE. D-CONVERTIBLE AT \$1.62. E-CONVERTIBLE AT \$31 TILL 12/1/78 WHEN PRICE WILL BE ADJUSTED. M-VARIABLE AT 1 1/2% OVER MONTHLY PRIME. G-VARIABLE AT 1 1/4% OVER PRIME IN OCT. AND APRIL. H-FIVE SERIES. A-E: 6-7/8%, 7-1/8%, 7-3/8%, TWO VARIABLE; 1987-94. VJ-BANKRUPTCY REORGANIZATION.
X-SUSPENDED BY EXCHANGE. DEF-IN DEFAULT.
#-MAY BE USED AT PAR TO EXERCISE WARRANTS.
F-TRADES FLAT, WITHOUT ACCRUED INTEREST.

PH-PHILADELPHIA EXCHANGE

PS-PACIFIC EXCHANGE

RELATIVE APPEAL	EXCH/ SYMBOL	SHARE (000)	BOOK VALUE	ANN DIV*	-EARNINGS-- MON ANN*	LAST PRICE	% CHANGE MON AGO	FROM- JAN 1	P/E RATIO	ANN* YIELD	% PR TO BK	RETURN ON BK	MKT VA (MIL\$)
PROPERTY TRUSTS-OVER \$25M ASSETS													
NR	AMER EQUITY IT#	2497	6.64	0.76	JUN	1.34	8.25	6.5	43.5	6.2	9.2	24.2	20.6
5N	API TRUST	1012	7.53	0.00	DEC	0.00	3.50	27.3	-17.6	0.0	0.0	-53.5	0.0
NR	CMNWLT RLTY #	1180	6.24	0.80	MAY	0.77	10.50	5.0	16.7	13.6	7.6	68.3	12.3
4	CONSOL CAP RLY#	1989	17.99	2.04	←MAY	1.68	27.00 X	-3.0	0.0	16.1	7.6	50.1	9.3
2	CONT LLL PROP#	4808	19.66	1.28	←JUL	1.42	↓16.50	10.0	6.5	11.6	7.8	-16.1	7.2
2	DENVER REIA#	1101	8.06	0.72	MAR	0.84	10.88	0.0	29.8	13.0	6.6	35.0	10.4
2	FEDERAL REALTY	1457	9.90	1.36	←JUN	1.16	18.50 X	8.4	13.8	15.9	7.4	86.9	11.7
3	FIRST FIDELITY#	866	9.90	0.40	MAY	0.00	11.75	8.0	108.7	0.0	3.4	18.7	0.0
2	FIRST UNION #	4263	8.43	1.08	↑JUL	0.95	↓12.00	2.1	-6.8	12.6	9.0	42.3	11.3
2	FLORIDA GULF#	995	14.71	1.28	APR	1.32	14.00	7.7	0.0	10.6	9.1	-4.8	9.0
1	GENERAL GROWTH#	6202	6.38	1.56	JUN	1.73	27.75 X	2.3	15.0	16.0	5.6	335.0	27.1
2	GOULD INVESTOR#	1174	6.97	0.88	JUN	1.20	9.50 X	8.0	35.7	7.9	9.3	36.3	17.2
2	GREIT REALTY #	998	11.27	0.40	←JUN	0.88	↑6.25	-3.8	-2.0	7.1	6.4	-44.5	7.8
2	HUBBARD REI	4004	22.75	1.44	↑JUL	1.72	↑17.75 X	6.5	0.0	10.3	8.1	-22.0	7.6
2	NEW PLAN RLTY#	1690	4.24	1.02	←APR	1.06	11.00 X	0.8	-10.2	10.4	9.3	159.4	25.0
2	PENN REIT #	1516	12.92	1.25	MAY	2.00	15.50	1.6	8.8	7.8	8.1	20.0	15.5
NR	PRUDENT REIT#	3146	2.30	0.24	MAY	0.28	4.50 X	25.6	71.1	16.1	5.3	95.7	12.2
3	REIT OF AMERICA	1633	21.60	1.20	AUG	1.12	↓16.00	8.5	10.3	14.3	7.5	-25.9	5.2
2	SAN FRAN RE #	1376	19.91	1.20	JUN	1.32	16.63	-0.7	9.9	12.6	7.2	-16.5	6.6
NR	UNIVERSITY REIT	2133	7.76	0.72	←MAR	0.36	9.50 X	3.4	-9.5	26.4	7.6	22.4	4.6
2	WASH REIT #	1518	11.48	1.80	MAR	1.52	23.50 X	-0.2	-2.6	15.5	7.7	104.7	13.2
GROUP AVERAGE		2169	11.27	1.02		1.08	13.85	4.9	8.8	12.8	7.4	22.9	9.6
PROPERTY TRUSTS-SPECIALITY PROPS & UNDER \$25M ASSETS													
NR	GENERAL RE #	557	7.86	1.12	JUN	1.42	↑7.50 X	4.4	25.0	5.3	14.9	-4.6	18.1
3	HOTEL INVESTOR#	1558	17.30	1.90	MAY	2.00	19.88	4.6	16.9	9.9	9.6	14.9	11.6
NR	PITTS & W VA RA	1510	22.72	0.56	JUN	0.80	6.25 X	0.2	-20.7	7.8	9.0	-72.5	3.5
NR	RE INV PROPS #	480	15.07	2.12	JUN	2.24	↓22.50	0.0	12.5	10.0	9.4	49.3	14.9
NR	REIT OF CALIF	550	8.99	1.20	JUN	1.36	15.00	0.0	20.0	11.0	8.0	66.9	15.1
NR	TERRYDALE R#	336	13.77	1.60	MAR	2.24	16.50	3.1	22.2	7.4	9.7	19.8	16.3
NR	US EQUITY & MTG	1257	3.08	0.60	APR	0.80	7.00	7.7	27.3	8.8	8.6	127.3	26.0
GROUP AVERAGE		893	12.68	1.30		1.55	13.52	3.9	14.9	8.7	9.6	6.6	12.2
PROPERTY TRUSTS-SUBOR LAND LEASEBACK													
2	ICM REALTY	3011	14.89	0.24	AUG	0.96	↑9.25	2.8	32.1	9.6	2.6	-37.9	6.4
2	JMB REALTY	510	19.53	1.80	MAY	2.69	16.75	1.5	1.5	6.2	10.7	-14.2	13.8
3	PROPERTY CAPITL	2065	13.68	1.20	JUL	1.20	11.13 X	2.7	-7.3	9.3	10.8	-18.6	8.8
GROUP AVERAGE		1862	16.03	1.08		1.62	12.38	4.1	4.6	7.7	8.7	-22.8	10.1
PROPERTY & MTG COMBINATION													
2	BANKAMER RLTY	3547	16.74	1.00	JUL	1.48	14.25 X	13.7	35.7	9.6	7.0	-14.9	8.8
3N	BRT REALTY	1400	3.01	0.00	MAY	0.26	2.25	38.0	226.1	8.7	0.0	-25.2	8.6
1	CONN GEN M&R#	5719	18.96	1.60	JUN	1.90	19.75	2.6	-6.0	10.4	8.1	4.2	10.0
2	FLATLEY RLTY #	1000	6.92	0.20	↑MAR	0.08	4.50 X	34.3	38.5	56.3	4.4	-35.0	1.2
2N	INDIANA M&R #	1154	8.78	0.00	JUN	0.37	5.13	2.6	46.6	13.9	0.0	-41.6	4.2
2	INVESTORS RL#	1579	10.92	0.60	MAY	1.27	8.63 X	-3.8	15.1	6.8	7.0	-21.0	11.6
2	MILLER HENRY S	560	16.95	1.00	MAY	1.20	13.50	0.0	35.0	11.3	7.4	-20.4	7.1
1	MORTGAGE GROWTH	2627	10.64	0.64	↑AUG	0.52	8.00	10.3	39.1	15.4	8.0	-24.8	4.9
2	PROP TR AMER#	2338	7.37	0.28	JUN	0.24	↑5.00	5.3	-2.5	20.8	5.6	-32.2	3.3
3	REALTY INCOME	1566	9.43	1.40	JUL	0.00	12.63 X	4.8	-1.9	0.0	11.1	33.9	0.0
3	RIVIERE RLTY #	783	8.57	0.56	JUN	0.96	↑6.00	-6.0	9.1	6.3	9.3	-30.0	11.2
3N	SAUL (BF) REIT	5859	5.08	0.00	JUN	0.00	7.13	14.1	67.8	0.0	0.0	40.4	0.0
2	US BANCORP #	840	17.00	0.70	MAY	1.77	13.25	0.9	32.5	7.5	5.3	-22.1	10.4
2	VIRGINIA REI#	1251	10.08	0.60	JUN	0.00	11.75	-2.1	51.6	0.0	5.1	16.6	0.0
3	WELLS FARGO M&E	3917	17.48	1.20	JUN	1.12	14.13	3.7	6.6	12.6	8.5	-19.2	6.4
GROUP AVERAGE		2276	11.20	0.65		0.74	9.73	5.7	20.6	13.1	6.7	-13.1	6.7
SHORT TERM MTG-MTG BANKER & MISC FIN SPONSOR													
3	BAIRD & WARNER	1043	16.09	0.14	APR	0.00	9.25	27.6	54.2	0.0	1.5	-42.5	0.0
2N	CENTRAL MTG	775	12.28	0.00	JUN	0.38	6.75	-1.9	74.0	17.8	0.0	-45.0	3.1
2	FIRST CONTNL	2106	10.31	1.00	↑AUG	1.04	↑8.75	2.9	2.9	8.4	11.4	-15.1	10.1
2	FRASER MTG	1038	16.40	1.12	↑MAY	0.71	11.50	0.0	2.2	16.2	9.7	-29.9	4.3
2N	HANOVER SQ RLTY	946	11.25	0.00	MAY	0.12	7.38	9.3	40.6	61.5	0.0	-34.4	1.1
1	LOMAS & NETLIN	3700	27.88	1.80	JUN	1.80	19.00	1.3	-4.4	10.6	9.5	-31.9	6.5
2	M&T MORTGAGE	1482	10.27	1.04	MAY	1.12	10.63	4.9	6.3	9.5	9.8	3.5	10.9
2N	MTG TRUST AMER	3860	12.82	0.00	MAY	0.66	7.50	-3.2	25.0	11.4	0.0	-41.5	5.1
2	NATIONWIDE RE	1047	24.36	0.44	JUN	0.56	14.38	-0.8	79.8	25.7	3.1	-41.0	2.3
2	SUTRO MTG INV	2322	15.43	0.90	JUN	0.63	11.38	16.7	21.3	18.1	7.9	-26.2	4.1
2N	WESTERN MTG	1003	7.77	0.00	MAY	0.08	4.00	3.1	23.1	50.0	0.0	-48.5	1.0
GROUP AVERAGE		1757	14.99	0.59		0.65	10.05	6.2	20.9	15.6	5.8	-33.0	4.3
LONG-TERM MTGS & PROPERTIES													
3N	BT MTG INVSTRS	2116	-2.94	0.00	JUN	0.00	2.75	15.5	22.2	0.0	0.0	-0.0	-0.0
NR	DEL-VAL FIN CP*	905	9.37	1.38	MAR	1.24	12.00 X	-1.1	-11.1	9.7	11.5	28.1	13.2
3	EQUIT LF MTG	5663	23.43	2.00	JUL	2.16	20.63	-1.8	-21.0	9.6	9.7	-12.0	9.2
1	HOSPITAL MTG	1178	22.62	0.60	←AUG	0.28	↓12.75	21.4	39.6	45.5	4.7	-43.6	1.2
1	MASSMUTUAL MTG	4670	19.63	1.36	←JUL	1.33	↓14.75 X	3.1	-4.1	11.1	9.2	-24.9	6.8
3	MONY MTG INV	8935	9.87	0.92	←AUG	0.68	↓9.75	0.0	-2.5	14.3	9.4	-1.2	6.9
1	NOWSTRN MUT MT	4758	18.97	1.00	JUN	0.97	12.38	5.4	1.1	12.8	8.1	-34.7	5.1
1	PACIFIC SO MTG	800	11.92	0.60	JUN	0.60	8.50	6.3	25.9	14.2	7.1	-28.7	5.0
1	PNB MTG& RL#	2437	18.77	0.80	JUN	1.08	11.25	2.3	4.7	10.4	7.1	-40.1	5.8
3	REALTY REFUND	1377	18.01	1.88	JUL	1.88	17.25 X	1.3	-17.9	9.2	10.9	-4.2	10.4
2	RLTY & MTG PAC	1890	18.04	1.28	←AUG	1.16	↓12.88	2.0	4.0	11.1	9.9	-28.6	6.4
3N	SECURITY MTG	6487	5.88	0.00	JUN	0.00	3.88	24.0	29.3	0.0	0.0	-34.0	0.0
1	UNITED REALTY	3610	17.60	0.80	MAY	0.74	10.38	6.5	5.1	14.0	7.7	-41.0	4.2
GROUP AVERAGE		3448	14.71	0.97		0.93	11.47	5.4	-2.1	12.3	8.5	-22.0	6.3

#NET CASH FLOW, SEE PAGE 6. *GROSS CASH FLOW. ARROWS DENOTE NEW EARNINGS OR DIVIDENDS AND DIRECTION. ZEROES INDICATE LOSS OR NO EARNINGS FOR QUARTER SHOWN. EXTRAORDINARY GAINS NOT ANNUALIZED. P-PHILADELPHIA EXCHANGE. WESTERN MTG. ALSO TRADES ON BOSTON EXCHANGE. US EQUITY & ICM REALTY DIVIDENDS TRAILING 12 MONTHS. NR-NOT RANKED.

RELATIVE APPEAL	EXCH/ SYMBOL	SHARE (000)	BOOK VALUE	ANN DIV*	-EARNINGS-- MON	ANN*	LAST PRICE	% CHANGE MON AGO	FROM- JAN 1	P/E RATIO	ANN* YIELD	% PR TO BK	RETURN ON BK	MKT VA (MIL\$)	
MTG & FORECLOSED PROPERTY-MISC SPONSOR															
3N	AMER CENTURY MI	N-ACT	2607	5.35	0.00	JUN	0.17	4.13	13.8	31.9	24.3	0.0	-22.8	3.2	10.8
3N	Y COLWELL MTG	O-CIM	2030	4.24	0.00	JUN	6.12	2.63	2.7	228.8	0.4	0.0	-38.0	144.3	5.3
3N	CONT ILL RLTY	N-CIR	2797	1.64	0.00	JUN	0.00	4.75	64.9	46.2	0.0	0.0	189.6	0.0	13.3
3N	HEITMAN MTG	A-HTM	3292	2.28	0.00	JUN	0.00	2.25	19.7	50.0	0.0	0.0	-1.3	0.0	7.4
2N	MIDLAND MTG	N-MMT	2382	0.18	0.00	JUN	0.18	2.63	5.2	110.4	14.6	0.0	1361.1	100.0	6.3
2N	MISSION INV TR	A-MIT	1812	4.88	0.00	MAY	0.05	4.25	6.3	142.9	85.0	0.0	-12.9	1.0	7.7
2N	NORTH AMER MTG	N-NAM	4401	8.45	0.00	JUN	0.00	4.38	12.9	16.8	0.0	0.0	-48.2	0.0	19.3
2N	WACHOVIA RLTY	N-WRI	3335	9.92	0.00	MAY	0.00	6.00	11.5	33.3	0.0	0.0	-39.5	0.0	20.0
GROUP AVERAGE		2832	4.62	0.00			0.82	3.88	16.1	55.6	4.8	0.0	-16.0	17.7	90.1
PROP & MTG COMBINATION-NON-QUALIFIED (MOST INDEPENDENT)															
4N	AMER REALTY	O-ARB	2222	3.37	0.00	JUN	0.12	3.00	20.0	158.6	25.0	0.0	-11.0	3.6	6.7
2N	BAY COLONY PROP	N-BAY	3315	6.09	0.00	MAY	0.00	4.88	18.2	77.5	0.0	0.0	-19.9	0.0	16.2
2N	C I REALTY #	N-CIX	2609	16.67	0.00	MAY	0.32	13.00	0.0	22.3	40.6	0.0	-22.0	1.9	33.9
3N	CITIZENS GROWTH	O-CITGS	811	6.82	0.00	APR	0.00	5.00	25.0	185.7	0.0	0.0	-26.7	0.0	4.1
3N	FRANKLIN RLTY	A-FR	999	7.82	0.00	JUN	0.32	5.63	12.6	9.7	17.6	0.0	-28.0	4.1	5.6
2N	SUMMIT PROP #	O-SMITS	1543	6.89	0.00	APR	0.03	4.75	5.6	18.8	158.3	0.0	-31.1	0.4	7.3
2N	US REALTY #	N-UTY	3434	3.98	0.00	JUN	0.32	6.63	23.2	35.9	20.7	0.0	66.6	8.0	22.8
3N	WALTER RLTY #	O-WALJS	1035	6.80	0.00	APR	0.00	5.75	43.8	9.5	0.0	0.0	-15.4	0.0	6.0
2N	WISCONSIN REIT	O-WREIS	1514	4.85	0.00	JUN	0.03	2.63	-4.4	-32.2	87.7	0.0	-45.8	0.6	4.0
GROUP AVERAGE		1942	7.03	0.00			0.13	5.70	13.3	30.0	45.0	0.0	-19.0	1.8	106.6
MTG & FORECLOSED PROP-NON-QUALIFIED-INDEPENDENT MGMT															
2N	ALAMAND CORP	O-ALAM	1355	0.59	0.00	APR	0.22	3.00	-11.2	84.0	13.6	0.0	408.5	37.3	4.1
5N	BARNETT-WINSTON	O-BWITS	1663	-0.32	0.00	JUN	0.86	3.38	107.4	284.1	3.9	0.0	-0.0	-0.0	5.6
5N	BUILDERS INV	O-BULDS	2929	0.23	0.00	JUN	0.00	2.13	-10.5	88.5	0.0	0.0	826.1	0.0	6.2
3N	CAPITAL MTG	P-CMU	1675	-1.26	0.00	JUN	0.00	1.63	18.1	101.2	0.0	0.0	-0.0	-0.0	2.7
4N	VJCONTINENTAL MTG	O-CMI	20838	-3.73	0.00	MAY	0.07	0.33	13.8	32.0	4.7	0.0	-0.0	-0.0	6.9
4N	COUSINS M&E	N-CUZ	3854	0.99	0.00	MAY	0.00	4.13	22.2	175.3	0.0	0.0	317.2	0.0	15.9
2N	DIVERSIFIED MTG	N-DMG	7327	8.46	0.00	JUN	0.00	5.13	51.8	95.1	0.0	0.0	-39.4	0.0	37.6
4N	VJDOMINION M&R	O-DMRTS	639	-10.86	0.00	MAY	0.24	0.50	0.0	100.0	2.1	0.0	-0.0	-0.0	0.3
2N	EASTOVER CORP	O-EASTS	1008	11.41	0.00	JUN	0.46	9.50	11.8	81.0	20.7	0.0	-16.7	4.0	9.6
5N	FIRST MORTGAGE	O-FMTGS	8495	-6.00	0.00	APR	0.02	1.19	35.2	112.5	59.5	0.0	-0.0	-0.0	10.1
4N	FIRST NEWPORT R	O-FNRIS	2339	3.30	0.00	JUL	0.14	2.00	44.9	38.9	14.3	0.0	-39.4	4.2	4.7
3N	FIRST VIR REIT	O-FVM	1208	6.02	0.00	MAR	0.22	3.50	69.9	133.3	15.9	0.0	-41.9	3.7	4.2
5N	VJGREAT AMER M&I	O-GAA	4456	-12.99	0.00	APR	0.09	0.88	57.1	252.0	9.8	0.0	-0.0	-0.0	3.9
3N	GROWTH RLTY	N-GRW	2059	8.03	0.00	JUN	1.15	5.88	27.0	68.0	5.1	0.0	-26.8	14.3	12.1
5N	VJGUARDIAN MTG	P-GMI	3000	-14.41	0.00	MAY	0.27	1.25	98.4	98.4	4.6	0.0	-0.0	-0.0	3.8
2N	HAMILTON INV	O-HAMTS	2143	5.01	0.00	JUN	0.00	3.13	25.2	66.5	0.0	0.0	-37.5	0.0	6.7
2N	INSTITUTAL	N-INV	6074	2.98	0.00	JUL	0.33	2.50	25.0	5.0	7.6	0.0	-16.1	11.1	15.2
2N	KENTUCKY PROPTY	O-KMTGS	1100	2.67	0.00	MAY	1.05	2.25	-14.4	125.0	2.1	0.0	-15.7	39.3	2.5
5N	Y LIFETIME COM	O-LFTMS	6598	2.51	0.00	APR	0.09	2.00	100.0	344.4	22.2	0.0	-20.3	3.6	13.2
2N	LINCOLN MTG	O-LNMGS	1155	0.88	0.00	JUN	0.18	3.00	0.0	117.4	16.7	0.0	240.9	20.5	3.5
5N	VJMETROPLEX RLTY	O-JMI	1184	-0.28	0.00	MAR	0.00	1.25	25.0	123.2	0.0	0.0	-0.0	-0.0	1.5
3N	MTG INV WASH	O-MINVS	2146	4.33	0.00	JUN	0.25	3.25	-13.3	30.0	13.0	0.0	-24.9	5.8	7.0
5N	YNATIONAL MTG	O-NMF	3707	2.00	0.00	MAY	0.04	1.13	-5.0	101.8	28.3	0.0	-43.5	2.0	4.2
5N	ZNJB PRIME INV	O-NJB	1330	-6.60	0.00	MAY	0.00	1.75	75.0	464.5	0.0	0.0	-0.0	-0.0	2.3
5N	PLAZA REALTY	O-PRISS	1114	0.68	0.00	MAR	0.00	1.63	18.1	73.4	0.0	0.0	139.7	0.0	1.8
3N	REPUBLIC MTG	N-RMI	2107	4.00	0.00	JUN	0.00	2.63	5.2	16.9	0.0	0.0	-34.3	0.0	5.5
1N	TEXAS FIRST MTG	O-TFMS	1055	7.95	0.00	MAR	0.01	4.25	17.1	61.6	425.0	0.0	-46.5	0.1	4.5
2N	TIERCO	O-TIERS	1170	6.49	0.00	JUN	0.57	3.13	31.5	108.7	5.5	0.0	-51.8	8.8	3.7
4N	TRECO	O-TRECS	2174	1.33	0.00	JUN	0.00	1.50	-29.6	200.0	0.0	0.0	12.8	0.0	3.3
4N	UMET TRUST	N-UAT	2109	-2.75	0.00	MAY	0.00	2.38	19.0	-20.7	0.0	0.0	-0.0	-0.0	5.0
2N	WESTPORT CO	O-WSPTS	2388	4.24	0.00	APR	0.00	3.38	-8.4	50.2	0.0	0.0	-20.3	0.0	8.1
GROUP AVERAGE		3239	0.80	0.00			0.20	2.70	18.2	80.5	13.4	0.0	235.7	25.1	215.7
MTG & FORECLOSED PROP-NON-QUALIFIED-COMCL BANK SPONSOR															
5N	AMER FLETCHER M	O-AFM	1352	-0.11	0.00	APR	0.67	3.00	33.3	240.9	4.5	0.0	-0.0	-0.0	4.1
2N	CAMERON-BROWN	N-CB	2016	7.05	0.00	JUN	0.00	4.00	0.0	52.1	0.0	0.0	-43.3	0.0	8.1
5N	Z CHASE MAN MTG	O-CMR	4886	-4.73	0.00	MAY	0.00	1.13	-4.2	-39.9	0.0	0.0	-0.0	-0.0	5.5
3N	CITINATL DEV	O-CIT16	600	13.33	0.00	JUN	0.29	7.13	9.7	14.1	24.6	0.0	-46.5	2.2	4.3
5N	Z CITIZENS MTG	O-CZM	1421	-17.02	0.00	JUN	0.00	0.75	19.0	158.6	0.0	0.0	-0.0	-0.0	1.1
4N	CITZNS&SO RLTY	O-CZS	3829	-3.19	0.00	MAR	0.00	1.75	54.9	177.8	0.0	0.0	-0.0	-0.0	6.7
2N	CLEVELAND TRUST	O-CTRIS	2525	10.38	0.00	JUN	0.00	5.63	9.7	50.1	0.0	0.0	-45.8	0.0	14.2
4N	FIDELCO GROWTH	A-FCI	1580	3.73	0.00	MAY	0.19	4.38	46.0	94.7	23.1	0.0	17.4	5.1	6.9
2N	FIRST DENVER MI	O-FDENS	1621	6.27	0.00	JUN	0.00	4.00	77.8	77.8	0.0	0.0	-36.2	0.0	6.5
2N	FIRST MEMPHIS	O-FMEMS	1156	4.59	0.00	MAY	0.18	3.13	8.7	108.7	17.4	0.0	-31.8	3.9	3.6
3N	FIRST PENN MTG	N-FPM	2961	1.33	0.00	APR	0.00	2.63	23.5	50.3	0.0	0.0	97.7	0.0	7.8
3N	FIRST WISCONSIN	O-FWMTS	1987	5.58	0.00	JUN	0.00	4.50	20.0	125.0	0.0	0.0	-19.4	0.0	8.9
5N	INDEPENDENCE MT	O-INTGS	2500	-4.03	0.00	MAR	0.00	2.25	56.3	240.9	0.0	0.0	-0.0	-0.0	5.6
2N	MARYLAND REALTY	O-MDRTS	760	8.43	0.00	MAY	0.17	4.13	10.1	18.0	24.3	0.0	-51.0	2.0	3.1
2N	NW FINANCIAL IN	O-NFINS	1510	14.29	0.00	JUN	0.16	11.75	25.3	59.2	73.4	0.0	-17.8	1.1	17.7
3N	TRI-SOUTH MTG	N-TSI	2260	1.85	0.00	JUN	0.00	3.38	28.5	125.3	0.0	0.0	82.7	0.0	7.6
GROUP AVERAGE		2060	2.98	0.00			0.10	3.97	22.1	62.5	38.3	0.0	33.1	3.5	111.7
MTG & FORECLOSED PROP-NON-QUALIFIED-MISC FIN SPONSORS															
2N	ATLANTA NATL	O-ATNAS	1273	9.00	0.00	MAY	0.53	5.63	7.2	66.6	10.6	0.0	-37.4	5.9	7.2
3N	BARNES MTG INV	O-BARNS	1910	11.10	0.00	JUN	0.00	4.00	18.3	45.5	0.0	0.0	-64.0	0.0	7.6
4N	CI MTG GROUP	P-CI	4812	-3.32	0.00	JUL	0.00	2.13	21.7	208.7	0.0	0.0	-0.0	-0.0	10.2
2N	GMR PROP	N-GMR	2210	3.73	0.00	MAY	0.00	3.13	31.5	46.9	0.0	0.0	-16.1	0.0	6.9
4N	IDS REALTY	O-IDR	2409	-10.31	0.00	APR	0.54	2.63	0.0	56.5	4.9	0.0	-0.0	-0.0	6.3
3N	SOUTH ATLANTIC	N-SAT	2706	2.93	0.00	JUL	0.09	4.25	21.4	61.6	47.2	0.0	45.1	3.1	11.5
3N	STATE MUTUAL	N-SMU	2786	7.89	0.00	JUN	0.15	5.13	8.0	41.3	34.2	0.0	-35.0	1.9	14.3
GROUP AVERAGE		2587	3.00	0.00			0.17	3.84	13.8	59.3	22.0	0.0	28.0	5.8	64.0

VJ-IN BANKRUPTCY REORGANIZATION. Y-CH. XI REORGANIZATION COMPLETED. Z-CH. XI PROPOSED OR POSSIBLE. -0.0 IN % PRICE TO BOOK INDICATES NEGATIVE BOOK VALUE. CONTINENTAL MTG. EARNINGS FOR 2 MONTHS ENDED MAY 31, 1978 BEFORE RESULT OF INCLUDING OPERATIONS OF SUBSIDIARIES. TMC INDUSTRIES OMITTED DUE TO CHANGE IN BUSINESS.

CONVERTIBLE DEBENTURES

DEBENTURE	EX	MAT	INT (%)	CONV AT	RECENT PRICE	YIELD (%)	% CHNG	CONV PARITY	STOCK PRICE
AMER CENTURY	AS	'90	7.00	21.00	68.00	10.3	0.7	14.28	4.13
AMER CENTY'B	NY	'91	6.75	28.00	65.00	10.4	3.2	18.20	4.13
AMER REALTY	OC	'84F	7.00	10.40	58.00	DEF	7.4	6.03	3.00
BAIRD&WARNER	OC	'91	6.75	21.00	67.00	10.1	0.0	14.07	9.25
BANKAMERICA	OC	'90	6.75	21.00	82.00	8.2	0.0	17.22	14.25
BENEF STD MI	OC	'91F	6.50	27.75	57.00	11.4	3.6	15.81	3.00
CAPITAL MTG	OC	'91F	6.50	33.00	57.00	11.4	7.5	18.81	1.63
CHASE MANHTN	OC	'96F	6.50	55.00	32.00	DEF	0.0	17.60	1.13
CHASE MANHTN	OC	'97	11.63	2.25	54.00	21.5	14.9	1.21	1.13
CONN GENERAL	NY	'96	6.00	32.50	72.88	8.2	-1.4	23.68	19.75
CONTINL MTG	OC	'90	6.25	19.79	26.50	VJ	6.0	5.24	0.33
EQUITBL LF M	NY	'90	6.75	26.25	83.50	8.1	1.2	21.91	20.63
FIRST NEWPT	OC	'91F	6.75	27.50	48.00	14.1	2.1	13.20	2.00
FIRST PENN M	OC	'91F	6.75	26.00	55.00	12.3	1.9	14.30	2.63
FIRST UNION	NY	'91	7.00	13.00	90.00	7.8	0.6	11.70	12.00
FRANKLIN RLY	AS	'89	7.00	10.00	78.50	8.9	3.8	7.85	5.63
GRT AMER MI	OC	'91	7.00	35.50	16.00	VJ	14.3	5.67	0.88
HANOVER SQ R	AS	'92	7.25	21.00	80.00	9.1	1.3	16.80	7.38
HEITMAN MFG	AS	'92	7.50	14.70	64.50	11.6	1.6	9.48	2.25
HOTEL INVSTR	OC	'90	7.75	21.00	89.00	8.7	1.1	18.69	19.88
HOTEL INVSTR	OC	'91	7.50	25.25	84.00	8.9	1.2	21.21	19.88
LINCOLN MTG	OC	'90	8.00	11.00	66.00	12.1	3.1	7.26	3.00
MASSMUTL MTG	NY	'90	6.75	21.00	83.50	8.1	4.0	17.53	14.75
MASSMUTUAL M	NY	'91	6.25	33.50	78.00	8.0	2.6	26.13	14.75
MIDLAND MTG	OC	'86	7.00	16.67	53.00	13.2	-7.7	8.83	2.63
MONY MTG IN	NY	'90	7.00	11.00	89.00	7.9	1.7	9.79	9.75
MTG INV WASH	OC	'90	8.00	15.00	62.00	12.9	0.0	9.30	3.25
NJB PRIME	OC	'91F	6.75	21.00	47.00	DEF	30.6	9.87	1.75
NONSTRN MUTL	NY	'91	6.00	21.00	75.00	8.0	0.0	15.75	12.38
RAM PACIFIC	OC	'91	6.75	21.00	74.00	9.1	0.0	15.54	12.88
REALTY INCOM	AS	'91	8.00	18.00	82.00	9.8	-1.1	14.76	12.63
REPUBLIC MI	NY	'90	9.00	19.00	93.13	9.7	1.1	17.69	2.63
SAUL (BF) RL	OC	'91	6.50	23.00	66.50	9.8	2.3	15.29	7.13
SAUL (BF) REI	OC	'90	8.00	15.50	76.50	10.5	-1.8	11.85	7.13
STATE MUTUAL	AS	'91	6.75	21.00	68.00	9.9	-4.1	14.28	5.13
SUTRO MIT	NY	'82	6.75	20.00	85.25	7.9	-0.2	17.05	9.75
SUTRO MTG	AS	'91	6.75	20.00	77.13	8.8	7.1	15.42	11.38
TRI-SO / SR	PH	'88	10.00	2.50	125.00	8.0	13.6	3.12	3.38
TRI-SOUTH MI	NY	'92F	7.00	29.50	73.00	DEF	12.3	21.53	3.38
US BANCORP	AS	'92	7.00	26.25	75.25	9.3	0.3	19.75	13.25
US REALTY IN	NY	'89	5.75	20.20	66.25	8.7	1.9	13.38	6.63
WESTPORT CO	OC	'91F	6.75	21.00	62.00	10.9	6.9	13.02	3.38

CONVERSION PARITY IS PRICE AT WHICH SHARES WOULD HAVE TO SELL TO JUSTIFY DEBENTURE PRICE. VJ-IN BANKRUPTCY REORGANIZATION. F-TRADES FLAT, WITHOUT ACCRUED INTEREST. DEF-IN DEFAULT. PH-Philadelphia Exchange PS-Pacific Exchange

WARRANTS

NAME	EXCH/ SYMBOL	EXP DATE	OUT (000)	EXER PRICE	NO. SH.	WTS PRICE	STK PRICE	CONV PREM	% CHG	MKT VA (MILS)
BARNES MTG	O-BARNW	12/82	1910	20.00	1.0	0.13	4.00	403.3	160.0	0.2
CAPITAL MTG	O-CMORW	11/79	471	16.59	1.0	0.01	1.63	918.4	-66.6	0.0
CITIZNS&S-B	O-CZ55	4/83	258	2.00	50.0	#.#	1.75	25.7	66.7	2.6
FLATLEY RLY	O-FLTLW	5/79	1000	10.00	1.0	0.25	4.50	127.8	31.6	0.3
JMB REALTY	O-JMBRW	8/82	510	20.00	1.0	1.25	16.75	26.9	25.0	0.6
M&T MTG INV	O-MTMIZ	8/80	747	13.00	1.0	0.25	10.63	24.6	-34.1	0.2
MTG INV WASH	O-MINWV	3/80	931	15.00	1.0	0.06	3.25	363.4	0.0	0.1
NATIONWID RE	O-NRELW	1/81	652	32.00	1.0	0.15	14.38	123.6	150.0	0.1
NORTH AM MTG	A-NAMW	3/79	710	31.13	1.0	0.16	4.38	614.4	166.7	0.1
REPUBLIC MI	A-RMIW	6/79	1064	20.00	1.0	0.06	2.63	662.7	100.0	0.1
SAN FRAN REI	A-SFIW	12/80	1348	25.00	1.0	0.75	16.63	54.8	0.0	1.0
SECURITY MT*	A-SMOW	5/79	3117	16.00	1.0	0.06	3.88	313.9	0.0	0.2
SUTRO MIT(B)	A-SUTW	6/82	700	20.00	1.0	1.50	11.38	88.9	50.0	1.1
UNITED RLY	A-URTW	12/79	3610	20.00	1.0	0.19	10.38	94.5	46.2	0.7

*DEBENTURES USABLE IN LIEU OF CASH.

NON/LOW EARNING INVESTMENTS AS OF SEPTEMBER 20, 1978

	Number	Non/Low-Earn.	Invested Assets Total	% Non- and low-earning	% Change in month
PROPERTY.....	31	\$ 92M	\$ 2,040M	5%	+1.1%
PROPERTY & MTG.....	24	519	1,977	26	-0.4
SHORT/TERM MTG.....	11	166	705	24	-1.8
L/T MTG/PROPERTY....	13	297	1,737	17	-3.3
MTG/FORECLOSED PROP.	62	4,803	6,553	73	-3.3**
TOTALS/AVERAGES....	141	\$5,878M*	\$13,012M	45%	-2.9% **

* Includes \$1,010M or 7.7% low-earning assets. **Calculated after adjustment of previous month's total for exclusion of TMC Industries.

HOW TO USE COMPARATIVE TRUST STATISTICS

These data are designed to facilitate comparison of relative efficiency of real estate investment trust managements with available funds. Readers should note that historical data are used and thus no earnings or dividend projections or estimates are included. Investors are advised to consider carefully the following distinctive characteristics of REITs compared with other industrial or financial securities:

Annualized Dividend and Yield: Most REITs do not pay a posted quarterly dividend rate but instead pay their approximate earnings (or net cash flow, if appropriate) for the quarter. They follow this practice because REITs are required to pay at least 90% of earnings to shareholders in order to qualify for exemption from Federal income taxes. This practice means that dividends paid by most REITs will vary much more from quarter to quarter than industrial securities. This possibility for quarterly variations gives REIT shares higher risk because earnings do not provide a safety margin of coverage for the dividend as they do for industrial stocks. The outlook and stability of dividends are thus key factors in our RELATIVE APPEAL RANKINGS. The "Annualized Dividend" column is the latest quarterly payout annualized by multiplying by four, and adjusted for any capital gains or other special dividend payments. Special dividends, marked "S", are paid to maintain tax exemption but are not expected to be continued in subsequent quarters. Because of these possible variations, annualized dividends and yield are not to be considered in any way as posted or guaranteed yields.

Annualized Earnings and Price/Earnings Ratio: For mortgage trusts, latest quarter earnings are multiplied by four. Zeroes indicate losses or no earnings for the quarter indicated. Losses per share are shown in RELATIVE APPEAL RANKINGS. For equity trusts, annualized net cash flow as calculated by Audit Investment Research, Inc. is used in place of earnings as the best single measure of results. Net cash flow is defined as net income plus depreciation minus mortgage amortization. The symbol "#" indicates cash flow in the earnings column. For a few trusts, gross cash flow (i.e., net income plus depreciation) is used, denoted by "A". Cash flow derived from amortization of debt discount is denoted by "e". The price/earnings ratio relates current price to the most appropriate earnings result. Both earnings (EPS) and net cash flow (CFS) per share for equity trusts for current periods are shown in RELATIVE APPEAL RANKINGS.

Shares: The number of shares outstanding, in thousands, is the number issued as of the latest balance sheet and is not adjusted for any potential conversion of debentures or exercise of warrants. **Book value per share** is essentially net tangible worth per share. The number does not reflect any changes in asset values through appreciation or abnormal depreciation of assets, nor any potential increase from possible conversion of debentures. Realized and estimated investment losses, as determined by management's provision for possible losses, are deducted from book value under AICPA rules. Audit also deducts intangible debt discount and expense costs from book value.

TENDER/EXCHANGE OFFERS: BARNETT WINSTON WRAPS UP CASH DEAL AS INSTITUTIONAL NEARS

Barnett Winston Investment Trust is paying 58% of par for \$11.7 million face amount of its 8 $\frac{1}{2}$ % convertible subordinated debentures, in effect retiring about 39% of the \$30 million issue and bringing outstanding bonds to \$18.3 million. BWIT rejected \$1.87 million bonds tendered for exchange into a proposed 5% debenture, saying this amount wasn't enough to make the offer succeed.

The cash offer succeeded because Schultz Investments, Ltd. of Cleveland had agreed in advance to tender \$7.8 million, or about 26% of the issue.

The other \$3.9 million came from public holders.

BWIT bonds had soared in price during the tender, from the 58 cash price to over par on recent quotations. They ran up partly because the trust repaid all its bank debt, partly because former sister trust TRECO paid back interest on its old bonds, and partly because BWIT holds a mortgage on a hotel in the proposed Miami Beach gambling zone.

Big question is what happens next to BWIT.

It earned 86¢/sh. in the June quarter (table, p. 8) after taking \$1.00/sh. gains on asset swaps. The successful cash tender will net about \$2.00-plus/share in the Sept. 1978 quarter, last of its fiscal year, assuring black ink for the year.

That will restore positive net worth. And bank debt is now gone. The big concerns:

1. Will BWIT pay the \$165 accrued but unpaid interest on the bonds? Most of the remaining 8 $\frac{1}{4}$ s are reported held by two large Wall Street junk bond specialists and their clients. They want income. BWIT hasn't said yes or no.

TRECO (formerly Barnett Mtg.) has approved payment of four past-due installments totaling \$170 on its old 8 $\frac{1}{2}$ % convertibles due 1998 and \$135 to its 6-3/4s due 1991.

That puts pressure on BWIT. Especially with two large holders still around.

2. What happens when the old debentures cut conversion price? The 8 $\frac{1}{4}$ s become convertible at 80% of average trading price on 10 selected days during November.

At current quotes of 3-3/8, the \$18.3 million remaining bonds would potentially be worth 6.78 million shares--vs. 1.66 million shares now.

Thus the two large holders effectively could convert into a control position.

All this restrains our enthusiasm for both shares and bonds at current prices.

Both appear suited for sophisticated investors willing to enter a complex situation.

Institutional Investors Trust unveiled elements of its proposed restructuring of its 7-7/8% senior subordinated notes due in about 16 months, on Feb. 1, 1980.

IIT picked the same investment banker as Bay Colony and not unsurprisingly the terms are quite similar to BAY's successful restructuring earlier this year.

Except that IIT is paying a richer price to make peace with subordinated debt.

The proposed offer: \$1,050 of a new 8 $\frac{1}{4}$ % First Priority Subordinated Note due 1987, plus 50 shares of common stock (market value currently about \$125).

Brokers would get \$7.50 per bond tendered plus an extra \$10 if the deal closes.

IIT would pay these rich terms because its banks are insisting upon 80% acceptance and one bank, Morgan Guaranty, tried to hold out for 90%.

(Morgan incidentally went along with "successful" acceptances of 51% and 53% for Citizens & Southern Realty and Tri-South Mortgage recently--both bank-sponsored trusts.)

The offer must clear the SEC, hopefully by end of October, to be made formally.

EARNINGS TRENDS: SPECIAL ITEMS CONTINUE TO BOLSTER PROFITS FOR TROUBLED TRUSTS

Glance at the table on Page 8 and you can see the substance of Wall Street's faith in recovery of the troubled trusts: Twelve of the 16 troubled trusts (i.e., nonqualified business trusts) turned in black ink during their latest quarters.

Trust-Period ended	-Latest Q-Th-\$-	-Latest Q-EPS---	--Earnings/sh.--		-% Chng. From**--	
	Earn/Spcl. Item#	Earn/Spcl. Items#	Prev.Q	Yr.agoQ	Prev.Q	Yr.agoQ
Quarterly results: Qualified trusts:						
Cont. Ill. Prop. July..	\$ 312/d100W	\$0.07/d0.02W	\$0.07	\$0.09	UC	-22%
First Contl. Aug..	537	0.26	0.25	0.22	+ 4%	+18
First Union RE. July..	2,163/1000G	0.45/0.23G	0.23a	0.21	+ 5*	+ 5*
Flatley Rty. June..	116	0.12	d0.03	0.04	Better	+200
General RE Sh. June..	398/ 321G	0.72/0.58G	0.16	0.62a	-13*	+500*
GREIT Realty. July..	140	0.14	0.10	0.21	+40	-33
Hospital Mtg. Aug..	88	0.07	0.10	0.15	-30	-53
Hubbard REI. July..	1,723	0.43	0.41	0.36	+ 5	+19
ICM Realty. Aug..	711	0.24	0.28a	0.15	+60*	+60
MassMutual Mtg. July..	1,706	0.37	0.38a	0.31	+19*	+19
MONY Mtg. Inv. Aug..	1,545	0.17	0.36b	0.16	-42*	+ 6
Mtg. Growth Inv. Aug..	343	0.13	0.12	0.05	+ 8	+160
Rlty.&Mtg. Pacif. Aug..	541	0.29	0.31	0.32	- 6	- 9
REIT of America. Aug..	472	0.28	0.31	0.29	-10	- 3
REI Properties. June..	268	0.56	0.46	NA	+22	NA
Realty Income Tr. July..	d494	d0.32	d0.56	+0.10a	Better	Worse*
Riviere Rlty. June..	131	0.16	0.17a	0.11	+23*	+45
Quarterly results: Nonqualified business trusts:						
Barnett-Winston. June..	1,432/1671S	+0.86/1.00S	d0.77	d1.06	Better	Better
Builders Inv. Gr. June..	d1,100	d0.39	d0.72b	+0.69b	Better*	Better*
C.I. Mtg. Group. July..	d1,097	d0.23	d0.24	d0.39	Better	Better
Citinat. Devel. June..	175/ 120G	+0.29/0.20G	+0.00	0.05	NM	+480
Citizens Growth. July..	53	+0.07	d0.03	d0.12	Better	Better
Citizens Mtg. In. June..	d535	d0.45	d0.56	d0.68	Better	Better
First Memphis Rl. May..	208	+0.18	+0.70b	d0.25	Better*	Better
First Newport. July..	325	+0.14	d0.43	+1.16b	Better	Better*
Franklin Rlty. June..	87/ 15N	+0.09/0.01N	0.14b	0.08	Better*	UC*
Growth Realty. June..	2,338/d1559S	+1.15/d0.76S	d0.22	+0.65b	Better	Better
Guardian Mtg. May..	824/ 400N	+0.27/0.13N	d1.27	+0.31b	Better	Better*
Inst. Inv. Tr. July..	2,013/2157I	+0.33/0.35I	d0.34	d0.41	Better	Better
Midland Mtg. In. June..	430/1903S	+0.18/0.80S	d0.18b	d1.05b	Worse*	Better*
South Atlantic. July..	229/1793Y	+0.08/0.66Y	d0.46	d0.63	Worse*	Better
Texas First Mtg. June..	52/ 64S	+0.05/0.06S	+0.01	d0.29	Better	Better
Westport Co. July..	d 59	d0.03	d0.03	+0.09b	UC	Better*
Annual results: All trusts:			Prev. year			
Citinat. Devel. Mar..	d 39/ 8G	d0.07/0.01G	d0.15	---	---	Better
Flatley Rlty. June..	226	+0.23	+0.32/0.22W	---	---	+130%
Franklin Realty. June..	480/204G,190N	+0.48/20cG,19cN	d0.28	---	---	Better
Growth Realty. June..	8,210/6716S&I	+4.03/3.30S&I	+3.79/6.52S&I	---	---	Better
Midland Mtg. In. June..	d327/7097S	d0.14/2.98S	d2.17/1.87S	---	---	Better*
Mtg. Inv. Wash. Mar..	d3,691/ 294G	d1.72/0.14G	d2.14	---	---	Better
REI Properties. June..	886/d62e	1.81/d0.13e	1.69	---	---	+ 7
Texas First Mtg. June..	196/243S	0.19/0.23S	0.72/0.98S	---	---	Better*

UC=Unchanged. NM=Not meaningful. r=Restated. p=Preliminary. d=Deficit.

#--Special items shown in both thousand dollars and share amounts as: G=Gain on sale of assets; I=Interest forgiveness; L=Loss on sale of assets; N=Net operating loss (NOL) benefit; R=Recovery of past-due interest; S=Swap of assets with banks; T=Gain on market purchase of debt at discounts; W=Gain (loss) on mortgage refinancing; X=Settlement with adviser or sponsor; Y=Loss reserve credit; Z=Gain on debt restructuring via exchange or tender offers.

** Comparisons are based upon earnings per share. Where loss is reported in one or both quarters, change in direction is shown as "Better" or "Worse."

* Compared before special items.

a--Gains or losses on asset sales in share results for previous and year-ago quarters are: First Union: 2c/sh. in prev. qtr.; General RE, 60c in year-ago; ICM Rty., 13c in prev.; MassMut., 3c sale gain and 3c debenture repurchase in prev. qtr.; Rty. Income, 15c in year-ago; Riviere, 4c sale gain in prev. qtr.

b--Asset swap gains, tax benefits from net operating losses (NOL), and gains from early retirement of debentures at discounts via tenders in previous and year-ago qtrs. are: MONY Mtg., 26c/sh. loan restructuring gain in prev. qtr.; Builders Inv., 21c/sh. in prev. and \$2.24 in year-ago; First Mem., \$1.16 in prev.; First Newport, \$3.91 in year-ago; Franklin, 20c sale gain and 7c taxloss benefit in prev. qtr.; Growth Rty., 75c in year-ago; Guardian, \$1.27 in year-ago; Midland, 27c and 83c in prev. and year-ago qtrs.; Westport, 24c in year-ago.

c--Non-recurring costs of merger.

Over half the trusts did it without mirrors--i.e., without special items--pointing toward some normalcy.

Investors welcomed black ink at Guardian Mortgage Inv. with a bang, more than doubling prices to 1-3/4 after GMI turned in 27¢/sh. net in the May quarter including 13¢ taxloss benefits. Closer inspection dulled market enthusiasm: GMI filed Ch. XI bankruptcy March 8 and paid no interest on \$238 million debt in the quarter. GMI ended the month by agreeing with senior bank creditors on a plan to pay banks their \$204 million principal by 1990, without interest. GMI still must work out a plan for three subordinated debt issues.

Growth Realty (formerly LMI Investors) was strongly in the black in the closing quarter of its June 1978 fiscal year after year-end adjustments. GRI earned \$4.03/sh. in 1978 after banking \$3.30/sh. gains on swaps with banks and interest forgiveness when it mortgaged some properties, partly to former sponsor CNA Financial.

GRI ended the year with \$8.27/sh. book value, including about 20¢ intangibles. Management issued a press release saying it estimated market value of some properties at about \$4/sh. over book value.

First Newport Realty (formerly Alison) also turned 14¢/sh. profit in the July quarter without benefit of special items. Property holdings have been improving steadily and it continues to benefit from early restructuring of subordinated debt. However \$7.4 million of 8-3/4% senior subordinated notes are due May 15, 1979.

Other troubled trusts reporting profits were First Memphis Realty helped by 16¢/sh. gain on property sales and lower money costs; smallish Citination Development aided by 20¢/sh. previously deferred profit on property sales; and Franklin Realty, buoyed by syndication sales and new operations.

Midland Mortgage earned big gains on asset swaps of 80¢/sh. in the June quarter and \$2.98/sh. in the June year to keep shareholders' equity narrowly positive. South Atlantic (formerly Atico) benefitted by 66¢/sh. reversal of the loss reserve.

Among dividend payers, First Union RE netted 23¢/sh. gain on sale of the Freedom Federal office building in Tampa, Fla. MassMutual Mortgage, which has little exposure to rising interest rates, continued recovery with a 37¢/sh. performance in July that included 5¢/sh. loan prepayment fee. The trust is negotiating to sell six foreclosed properties with \$11 million cost and plans to invest \$35 million in long-term first mortgages on hotel/motel properties. Loans will have kicker contingent interest.

MONY Mortgage boosted net over 1977 after a major loan was restructured. Continental Illinois Props. earnings fell to 7¢/sh. in July after 2¢/sh. charge from mortgage refinancing but net cash flow was 34¢/sh., up slightly (see RTR, June 23).